

No. 1220

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
HUNGARY**

**Exchange of letters (with annex) constituting an agreement  
regarding payments. Budapest, 6 and 12 August 1946**

*Official texts: English and Hungarian.*

**Exchange of notes constituting an agreement amending the  
Agreement of 6 and 12 August 1946 regarding payments.  
Budapest, 3 July 1947**

*Official text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
4 June 1951.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
HONGRIE**

**Échange de lettres (avec annexe) constituant un accord  
relatif aux paiements. Budapest, 6 et 12 août 1946**

*Textes officiels anglais et hongrois.*

**Échange de notes constituant un accord modifiant l'Accord  
des 6 et 12 août 1946 relatif aux paiements. Budapest,  
3 juillet 1947**

*Texte officiel anglais.*

*Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
4 juin 1951.*

No. 1220. EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND HUNGARY REGARDING PAYMENTS. BUDAPEST, 6 AND 12 AUGUST 1946

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I

*The British Political Representative in Hungary to the Hungarian Minister for Foreign Affairs*

No. 96.  
(8/130/46)

BRITISH POLITICAL MISSION IN HUNGARY

Budapest, 6th August, 1946

Your Excellency,

As you are aware discussions have taken place between financial representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Hungarian Government, with a view to the conclusion of an agreement to facilitate payments between the United Kingdom and Hungary. These discussions have resulted in agreement on the provisions set forth in the Annex to this Note and I have the honour on behalf of His Majesty's Government in the United Kingdom to confirm their acceptance of these provisions and to propose that this Note, together with a Note from Your Excellency in reply confirming that the Hungarian Government also accept the provisions of the Annex, shall constitute an Agreement between the two Governments in this matter.

I avail myself of this opportunity to convey to Your Excellency the expression of my high consideration.

(Signed) A. K. HELM  
British Political Representative in Hungary

His Excellency Dr. Janos Gyöngyössi  
Minister for Foreign Affairs  
Szabadsag ter 15  
Budapest

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<sup>1</sup> Came into force on 27 August 1946, in accordance with article 11 of the annex.

ANNEX<sup>1</sup>

1. The United Kingdom authorities will relax the effect of the Trading with the Enemy legislation in force in the United Kingdom to the extent necessary to permit :—

- (i) such remittances as persons in the United Kingdom are permitted by the United Kingdom authorities to make to persons in Hungary after the date of this Agreement;
- (ii) such purchases by persons in the United Kingdom of goods from Hungary and such sales of goods by persons in the United Kingdom to Hungary as are permitted by the United Kingdom authorities and transactions incidental thereto;
- (iii) such further transactions over the sterling accounts opened in accordance with 1 (iv) below as may be permitted by agreement between the United Kingdom and Hungarian authorities;
- (iv) the resumption of restricted banking relations as follows :
  - (a) between the Bank of England and the National Bank of Hungary in accordance with the terms of this Agreement; and
  - (b) between one or two commercial banks in the United Kingdom and the National Bank of Hungary.

2 (a) The National Bank of Hungary will open a sterling account in its name with the Bank of England.

(b) Subject to the prior approval of the United Kingdom authorities, the National Bank of Hungary may open sterling accounts in its name with Banks in the United Kingdom other than the Bank of England.

(c) The National Bank of Hungary account with the Bank of England and any accounts opened in accordance with sub-paragraph 2. (b) will be designated " Hungarian Accounts " for the purpose of Exchange Control in the United Kingdom.

3. Hungarian accounts may be credited in respect of :—

- (a) any payments permitted under Article I above;
- (b) transfers from other Hungarian accounts; and
- (c) such sums which persons resident in the sterling area outside the United Kingdom may be permitted by the authorities in the sterling area territory concerned to pay thereto.

4. Hungarian accounts may be debited in respect of :—

- (a) payments to the sterling area (including payments for exports therefrom);
- (b) transfers to other Hungarian Accounts; and
- (c) such other transactions as may be permitted by agreement between the United Kingdom and Hungarian authorities.

<sup>1</sup> See amendment to this annex, p. 234 of this volume.

5. The National Bank of Hungary as Agents for the Hungarian Government will agree with the Bank of England as Agents for His Majesty's Government the basis for the sterling/forint rate of exchange and will :

- (a) disburse to the appropriate persons in Hungary the forint equivalent of all sterling sums placed to the credit of any Hungarian account;
- (b) sell such sterling at their disposal on Hungarian Accounts as may be necessary for all payments which persons in Hungary are permitted to make to residents of the sterling area under the Exchange Control Regulations in force in Hungary from time to time. Except as may be agreed between the Bank of England and the National Bank of Hungary such payment will be effected through the medium of Hungarian Accounts with commercial Banks in the United Kingdom.

6. Except as may be agreed between the Bank of England and the National Bank of Hungary the facilities provided in accordance with this Agreement shall not be used for the purpose of effecting transfers of capital between the sterling area and Hungary.

7. Any sterling held by the National Bank of Hungary shall be invested only as may be agreed with the Bank of England.

8. For the purpose of this Agreement the expression " The Sterling Area " shall have the meaning from time to time assigned to it by the Exchange Control Regulations in force in the United Kingdom.

9. The Hungarian Government reaffirms Hungary's full contractual obligations in respect of her different external debts and undertakes to transfer arrears and current service in foreign exchange as soon as conditions permit.

The Hungarian Government recognises that Hungarian non-state and commercial debtors remain liable to their creditors for their full contractual obligations. The Hungarian Government will assist United Kingdom creditors to trace and identify their Hungarian debtors and, as soon as conditions permit, will remove any obstacles to transfer into foreign exchange of sums necessary to liquidate and meet arrears and current service of non-state and commercial debts.

10. Hungarian property situated in the United Kingdom, all income arising therefrom and all debts due to persons in Hungary by persons in the United Kingdom (other than as otherwise provided in this Agreement) will continue to be subject to the Trading with the Enemy legislation in force in the United Kingdom.

11. This Agreement will come into force on the 27th of August, 1946, and unless otherwise agreed will terminate on the 26th of August, 1947, or the entry into force of a Treaty of Peace<sup>1</sup> between the United Kingdom and Hungary, whichever is the earlier.

12. This Annex has been drawn up in English and Hungarian both texts being equally authentic.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 41, p. 135.

## II

TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>

HUNGARIAN MINISTER FOR FOREIGN AFFAIRS

Budapest, 6th August, 1946

Your Excellency,

I have the honour to acknowledge receipt of your letter of the 6th August, 1946, regarding an agreement to facilitate payments between Hungary and the United Kingdom of Great Britain and Northern Ireland, the text of which is as follows :—

[See letter I]

In reply I have the honour to confirm that the Hungarian Government accepts the provisions of the annex to your Note, the text of which is annexed hereto, and agree that your note and this reply with annexes thereto shall together constitute an agreement on this matter between the two Governments.

I avail myself of this opportunity to convey to Your Excellency the expression of my high consideration.

(Signed) GYÖNGYÖSSI

His Excellency Alexander Knox Helm, C.B.E.  
British Political Representative in Hungary  
Budapest

## III

*The British Political Representative in Hungary to the Hungarian Prime Minister  
and Acting Minister for Foreign Affairs*

No. 100.  
(8/138/46)

BRITISH POLITICAL MISSION IN HUNGARY

Budapest, 12th August, 1946

Your Excellency,

I have the honour to refer to Article V of the Annex to the Notes Exchanged on August 6th, 1946, on payments between United Kingdom and Hungary, and to say that for the purpose of that Article it is proposed that the National Bank of Hungary advise the Bank of England from time to time of rates quoted for sterling and U.S. dollar against forint, and that these rates be related to one another at the official middle rate quoted in London for the U.S. dollar. I would appreciate receiving your agreement to this proposed procedure.

<sup>1</sup> Translation by the Government of the United Kingdom.

<sup>2</sup> Traduction du Gouvernement du Royaume-Uni.

I avail myself of this opportunity to renew to Your Excellency the expression of my high consideration.

(Signed) A. K. HELM

British Political Representative in Hungary

His Excellency Ferencz Nagy  
Prime Minister  
Acting Hungarian Minister for Foreign Affairs  
Budapest

#### IV

*The Hungarian Prime Minister and Acting Minister of Foreign Affairs to the British Political Representative in Hungary*

HUNGARIAN TEXT — TEXTE HONGROIS  
MAGYAR KÜLÜGYMINISZTERIUM

TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>  
HUNGARIAN MINISTRY  
FOR FOREIGN AFFAIRS

Budapest, 1946, augusztus 12.  
Excellenciás Uram!

Tisztelettel elismerem az 1946. év augusztus hó 6.-án kötött Egyezményhez csatolt Függetlenség 5. szakaszára vonatkozó mai napról keltezett levélnek vételét és értesitem, hogy a Magyar Nemzeti Bank egyetért a javasolt eljárással és időről időre értesíteni fogja a Bank of England-ot a sterling és az U.S. dollár hivatalosan jegyzett forint árfolyamairól. A sterling és az U.S. dollár így jegyzett árfolyamai olyan viszonyban fognak egymáshoz állani, amely megfelel a Londonban hivatalosan jegyzett U.S. dollár középárfolyamának.

Fogadja, Excellenciás Uram, mély tiszteletem kifejezését.

NAGY, Ferencz

Nagyméltóságú  
A. K. Helm urnak  
C.B.E.  
Brit Politikai Megbizott Magyarországon  
Budapest

12th August, 1946

Your Excellency,

I have to acknowledge the receipt of your letter of to-day's date referring to Article 5 of the annexe to the Agreement concluded on August 6th, 1946, and to state that the National Bank of Hungary are in agreement with the proposed procedure and will advise the Bank of England from time to time of the rates quoted for sterling and U.S. dollar against forint. The sterling and U.S. dollar rates so quoted will be related to one another at the official middle rate quoted in London for the U.S. dollar.

I avail myself of this opportunity to convey to Your Excellency the expression of my highest consideration.

(Signed) NAGY, Ferencz

His Excellency  
Alexander Knox Helm, C.B.E.

British Political Representative in  
Hungary  
Budapest

<sup>1</sup> Translation by the Government of the United Kingdom.

<sup>2</sup> Traduction du Gouvernement du Royaume-Uni.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
AMENDING THE AGREEMENT OF 6<sup>th</sup> AND 12<sup>th</sup> AUGUST  
1946 REGARDING PAYMENTS. BUDAPEST, 3 JULY  
1947

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I

*His Majesty's Political Representative at Budapest to the Hungarian Minister  
for Foreign Affairs*

BRITISH POLITICAL MISSION IN HUNGARY

Budapest, 3rd July, 1947

Sir,

I have the honour to refer to my Note of 10th March, 1947, relating to payments between the United Kingdom and Hungary, and to His Excellency Dr. Gyöngyössi's reply of 23rd March.

2. I understand that the Hungarian Government is now in agreement with the proposal of His Majesty's Government in the United Kingdom that the Annex to the Notes exchanged on 6th August, 1946,<sup>2</sup> should be amended in the following respects and further that the explanatory letters dated 12th August,<sup>3</sup> and relating to Article V of the Annex, should no longer have effect:—

*Article 1 (iii)* to read:

“such further transactions over the sterling accounts opened in accordance with Article 2 below as may be permitted by agreement between the United Kingdom and Hungarian authorities.”

*Article 1 (iv)* to read:

“the resumption of banking relations between the United Kingdom and Hungary in accordance with the terms of this Agreement.”

*Article 2* to read:

“(a) The National Bank of Hungary will open a sterling account in its name with the Bank of England.

<sup>1</sup> Came into force on 3 July 1947, by the exchange of the said notes.

<sup>2</sup> See p. 225 of this volume.

<sup>3</sup> See p. 226 of this volume.

- “(b) Subject to the prior approval of the United Kingdom authorities persons in Hungary may open sterling accounts in their names with banks in the United Kingdom other than the Bank of England.
- “(c) Accounts opened in accordance with this Article will be designated ‘Hungarian Accounts’ for the purpose of Exchange Control in the United Kingdom and this Agreement.”

*Article 5 to read :*

“The National Bank of Hungary will advise the Bank of England from time to time of the rates quoted for sterling and United States dollars against forint; these rates shall be related to one another at the official middle rate quoted in London for the United States dollar. The National Bank of Hungary or its duly appointed agents for Exchange Control purposes in Hungary will—

- “(a) disburse to the appropriate persons in Hungary the forint equivalent or all sterling sums placed to the credit of any Hungarian Account, except to the extent that such persons are permitted under the Exchange Control Regulations in force in Hungary from time to time to retain any sterling sums so accruing;
- “(b) sell such sterling at their disposal on Hungarian Accounts as may be necessary for all payments which persons in Hungary are permitted to make to residents of the sterling area under the Exchange Control Regulations in force in Hungary from time to time.”

3. I am further to state that it is the desire of His Majesty's Government in the United Kingdom (and I understand agreeable to the Hungarian Government) that the Agreement to facilitate payments between the United Kingdom and Hungary should not terminate on the entry into force of the Treaty of Peace<sup>1</sup> between the United Kingdom and Hungary. His Majesty's Government in the United Kingdom propose to this end that the Annex referred to above should be further amended in the following respects :—

*Article 10 to read :*

“Hungarian property situated in the United Kingdom, all income arising therefrom and all debts due to persons in Hungary by persons in the United Kingdom will (save as otherwise provided in this Agreement) continue to be subject to the Trading with the Enemy legislation in force

<sup>1</sup> United Nations, *Treaty Series*, Vol. 41, p. 135.



in the United Kingdom, and, after entry into force of the Treaty of Peace<sup>1</sup> between the United Kingdom and Hungary, to the terms of Article 29 of that Treaty.”

*Article II* to read :

“ This Agreement will come into force on 27th August, 1946, and will terminate sixty days after notice of termination has been given to the other Party by the Government of the United Kingdom or the Government of Hungary.”

4. I have the honour on behalf of His Majesty's Government in the United Kingdom to propose that this Note, together with a Note from Your Excellency confirming that the Hungarian Government accept the amendments set out above, shall have the effect of altering accordingly the Agreement concluded on 6th August, 1946, between our two Governments.

I avail, &c.

(Signed) A. K. HELM

## II

*The Hungarian Minister for Foreign Affairs to His Majesty's Political Representative at Budapest*

HUNGARIAN MINISTRY FOR FOREIGN AFFAIRS

Budapest, 3rd July, 1947

Sir,

I have the honour to acknowledge receipt of your Note of to-day regarding payments between the United Kingdom and Hungary, which reads as follows :—

[See note I]

I beg leave to state that my Government agree with the foregoing and I avail, &c.

(Signed) E. MIHÁLYFI

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<sup>1</sup> Came into force on 15 September 1947.